

APPENDIX III
Economic Support Funds (ESF) and Other Fund Sources
Section 2207 Report to Congress
April 2008

Economic Support Funds

Objective 1: Security Track

a. Provincial Reconstruction Development Council Funds

Provincial Reconstruction Teams (PRTs) are joint civilian-military groups of diplomats, military officers, and other specialists with expertise ranging from development and entrepreneurship to engineering and the rule of law. They work with Iraqi-led Provincial Reconstruction Development Councils (PRDCs) to identify and execute priority projects that strengthen the ability of provincial governments to deliver essential services and key development projects to their communities. By helping Iraqi communities provide for their own needs, PRTs help build the stability needed for Iraq to emerge as a secure and prosperous society.

Fiscal Year 2006 funds (\$315 million) for PRDC projects are almost fully allocated. FY 2007 Supplemental funding for PRT-implemented projects (\$524 million) continues to be executed. A total of \$385 million in FY07 funds has been designated for PRDC projects, of which \$198 million has been approved by the Embassy for specific projects that are currently being executed through the U.S. Army Corps of Engineers' Gulf Region Division (GRD). An additional \$14 million has been approved for provincial technical assistance projects, as well as \$125 million for the PRT Quick Response Fund (see next section).

U.S. Government Implementing Agencies: USAID, Department of State, and Department of Defense

Accomplishments:

PRDC funds support smaller-scale provincial-level infrastructure projects using Economic Support Fund monies. This quarter, the Embassy approved \$63.7 million in funds for projects in Iraq's 18 provinces. Approved projects are either in the procurement process or have already been awarded. Accomplishments included:

- Completed 25 projects (23 with FY 2006 funds and two with FY 2007 funds) with a total contract value of \$11.3 million. Completed projects included:
 - The \$1.1 million Bayji Villages Electrical Network in the Salah ad Din Province included construction of approximately 32 km of 11 KV overhead electrical distribution lines, providing benefits to approximately 35,000 residents living in the area.
 - The \$301,000 Project Coordination Center Expansion project in Kirkuk included construction of a new extension building for the PCC. The existing PCC building was overflowing with existing staff, including offices for the PRT infrastructure team, and

- needed additional office space to accommodate the center's increasing role and responsibility with Kirkuk's expanding PRDC and decentralization processes.
- The \$245,000 renovation of the Suroor Elementary School in Baghdad.
- The \$450,000 Mobile Substation Battery Bank project in the Wassit province, which replaced six battery banks with chargers for mobile substations, increasing reliable power to approximately 30,000 residents and area water pump stations used to supply irrigation channels with water.
- Awarded 14 new projects (one with FY 2006 funds and 13 with FY 2007 funds) with a total contract value of \$31.1 million.
- Started construction on eleven projects (five with FY 2006 funds and six with FY 2007 funds) with a total contract value of \$30.6 million.

b. PRT Quick Response Fund (QRF)

The Quick Response Fund (\$125 million in ESF funding; see previous section) was established to accelerate economic, social, and civil society development within Iraqi provinces. The fund is administered by PRT staff who identify worthy projects at the local level that build the capacity of local neighborhood and government officials to deliver services transparently, empower women and youth, and support civil society and small businesses.

The Department of State is managing \$25 million of QRF funds through small grants and procurements and cooperates closely with USAID, which is managing \$100 million through grants up to \$200,000. QRF-funded projects seek to catalyze local development in a wide range of sectors including agriculture, education, media, microfinance, rule of law, and local government.

U.S. Government Implementing Agency: Department of State and USAID

Accomplishments:

- As of March, USAID is managing the implementation of 95 projects totaling just over \$12 million, while the Department of State is managing the implementation of \$19 million in projects. Projects range in substance from the training of local businessmen, government officials, and professionals, to procuring supplies and providing technical assistance for local government, cooperatives, associations, and non-profit organizations.
- Coordinated between Embassy and Washington staff to streamline the QRF process for swifter implementation. Convened PRT staff to discuss best approaches to designing proposals.
- Worked with Iraqi NGOs and civil society organizations to increase their operational capacity and strengthen their ability to provide essential services to the community.

c. Local Governance Program (LGP)

The Local Governance Program (LGP) (\$245 million in ESF funding for the current Phase II) works closely with Iraqis in all 18 provinces, actively supporting and complementing PRT initiatives to promote diverse and representative citizen participation in provincial, municipal, and local councils. LGP also strengthens the management skills of city and provincial administrators, local interim representative bodies, civil society organizations (CSOs), and civic institutions in order to improve the delivery of essential municipal services (including water, sewer, electricity, and solid waste collection and disposal).

Since the establishment of the LGP's second phase, more than 32,623 Iraqis have participated in 8,304 discussions to educate citizens on democracy and political transitions. Additionally, LGP has trained 8,825 council members, 18 governors, 18 deputy governors, 330 director generals, as well as key staff in 400 departments and all of the new provincial councils elected in January 2005.

U.S. Government Implementing Agency: USAID

Accomplishments:

- Organized the Ministry of Planning's first nationwide conference on Iraq's Provincial Development Strategies (PDS). These documents were developed in a broadly participatory process involving provincial leaders and citizens, and they will guide public investment decisions and budget allocations in each province for the next three to five years. This conference brought together provincial and federal officials for a formal presentation of provincial development strategies.
- Helped the MoP commit to integrating these new PDSs into its national planning and has established a commission to carry out this work.
- Published a guide to strategic planning at the provincial level and summaries of all 17 completed Provincial Development Strategies.
- Provided legal and policy analysis that informed the Provincial Councils Association's position in lobbying the Council of Representatives on the Provincial Powers Law. Once gazetted, this law will define the authority and structure of provincial councils in provinces that are not incorporated into regions.
- Facilitated coordination and information-sharing among other missions related to the Provincial Powers Law.
- Continued providing assistance to the Minister of Electricity for the Kurdistan Regional Government (KRG) on developing an electricity master plan. This effort, which grew from a KRG request, assessed the production, distribution, and sale of electricity, including the important issue of rate-setting.
- Continued an assessment of policies in the KRG that could enhance private sector productivity and competitiveness.
- Expanded the Baghdad Amanat Training Center, built with LGP support in 2004, and transferred responsibility for the center to the Iraqi government. The expansion will permit the center to train twice as many civil servants (from 400 to 900 per month) in mapping, water treatment, and the use of geographic information systems (GIS).

- Helped local councils in northern Babil, an area once plagued by violence, conduct their first public meetings since the overthrow of the previous regime.
- Served as technical leader on the development of a new project tracking and accounting software application to be used in provinces across Iraq.
- Opened urban planning and GIS centers for provincial governments in 17 of Iraq's 18 provinces; a center will open in Diyala province as soon as security conditions permit.
- Published the second volume of the *Republic of Iraq District Government Field Manual*, a resource that explains for a lay audience the operation of Iraqi government and includes the text of relevant legislation. The manual is addressed to Iraqis as well as the U.S. military and civilian organizations.

d. Community Stabilization Program (CSP) in Strategic Cities

The Community Stabilization Program (\$514 million in ESF funding) focuses on reducing the incentives for young men to participate in sectarian violence and insurgent activities in two ways. First, CSP employs or otherwise engages disenfranchised young men who have suffered from violence or are at risk of participating in insurgent or militia activity. Second, CSP activities also provide limited job skills and small in-kind grants that provide tools and opportunities for at-risk Iraqis to create more sustainable employment and to productively re-engage in society.

CSP implementation often takes place in support of Multinational Force-Iraq (MNF-I) and Iraqi Security Force “clear-control-retain” operations. The program is conducted in close collaboration with Iraqi local government bodies and responds to critical needs in Iraqi communities. CSP is currently implementing social and economic stabilization programs in 15 cities and will complete its program expansion to 18 total project sites by the second quarter of FY08.

In consultation with Multinational Force-Iraq, PRTs, embedded PRTs (ePRTs), and local community leaders, CSP selects neighborhoods and districts for short-term projects that generate significant employment in the provision of essential services and public works. CSP also provides activities for Iraqi youths, such as sports tournaments, cultural events, and arts activities. The program generates long-term employment through business development, including in-kind grants to Iraqi small businesses and business skills training.

In collaboration with the Ministry of Labor and Social Affairs, CSP supports vocational education in skill areas identified through formal and informal market surveys. CSP also works to place vocational education graduates in long-term jobs with the assistance of employment agents and through a subsidized apprenticeship program. The program is also developing a network of employment service centers to research market demand and help place unemployed Iraqis in long-term jobs.

U.S. Government Implementing Agency: USAID

Accomplishments:

- Expanded program operations, including adjustments to expansion schedule to accelerate roll-out to Bayji and Tikrit. As of this writing, CSP's planned expansion is nearly complete.
- Provided an average of over 27,800 jobs in short-term employment and engagement (e.g., youth activities, non-formal education) projects. A total of approximately 42,550 people were employed or engaged over the quarter. Improved security allowed the generation of more long-term employment in all areas of Baghdad.
- Provided vocational training to approximately 5,000 students nationwide. To date, a total of 16,000 students have graduated from the vocational training program. In addition, an average of 500 Iraqis per week participated in CSP's apprenticeship program.
- Provided 4,435 grants worth approximately \$32 million to support business development, creating an estimated 9,360 jobs greater than three months in duration.
- Provided business skills training to 2,093 people, all of whom graduated at the end of the course.
- Provided non-formal education activities and sports events to an average of 11,400 youths per week over the quarter.
- Successfully transitioned trash collection responsibilities to the municipal government in five Baghdad districts.

e. Infrastructure Security Protection for Oil, Water, and Electricity

The Infrastructure Security Protection (ISP) program (\$227 million in ESF funding) plans and executes programs to provide security for infrastructure related to oil, water, and electricity. Projects are primarily of the following types:

- **Exclusion Zones:** Creating a protected area to provide security to linear infrastructure such as oil pipelines and electrical transmission lines. Protection typically consists of a combination of concertina wire, fencing, setbacks, towers, berms, and ditches.
- **Facilities Hardening** (forward operating bases, refineries, power lines, power plants, water stations, and oil terminals): Improving existing critical infrastructure to withstand interdiction attempts and security breaches. This can include chain-link fence, razor wire, guard towers, structural hardening, lighting, perimeter berms, hesco barriers, and concertina wire.
- **Integrity:** Security programs that focus on biometrics, identity cards, redundancy and viability in equipment, and other safety equipment necessary to eliminate single points of failure.
- **Support:** Programs that support the sustainment and maintenance of enduring security programs, such as life support, security facilities, and training programs.
- **Redundancy:** Supplementing existing oil export facilities with additional resources in order to ensure continuity of crude oil exports.

ISP projects are implemented under an Interagency Agreement between the Department of State and U.S. Army Corps of Engineers (USACE), under which the USACE Gulf Region Division is responsible for the execution and disbursement of \$227 million in FY 2006 Supplemental funds

as well as quality assurance oversight. The agreement identifies project lists for all three sectors and fully obligates the funds available for Infrastructure Security.

U.S. Government Implementing Agency: U.S. Army Corps of Engineers (USACE)

Accomplishments:

During the quarter the following key projects continue to be executed through the ISP program:

- Oil pipeline exclusion zone projects are being built along the key pipeline corridors of Baiji to Kirkuk, Doura to Hillah, and Baiji to Baghdad. These projects represent an investment in protecting oil distribution infrastructure and are in various stages of completion, ranging from recently awarded contracts to ninety percent completion.
- Hardening projects are under way in connection with electrical transmission lines, electrical substations, petro-chemical refineries, water treatment plants, power generation plants, and offshore oil platforms. Completion rates range from contracts being bid out for construction at water treatment plants to nearly-complete projects at electrical substations.
- Integrity and support projects focus on mitigating specific vulnerabilities through the specific application of equipment or parts (critical surge relief valves, quick response oil repair kits, or security force background vetting) or support activities (training facilities/programs, life support facilities in support of security).
- Currently 94 percent of ISP contracts have been awarded or are in the process of being awarded, while three percent are in the feasibility or financial approval phase and three percent remain in the solicitation and bidding phase.

f. Community Action Program (CAP) II

The Community Action Program (\$149.96 million in ESF funding) builds upon previous community development efforts and further strengthens the links between communities and their governments. CAP will facilitate formal community coordination with local and provincial governments, promote transparency and accountability at all levels, and encourage local ownership of public goods.

U.S. Government Implementing Agency: USAID

Accomplishments:

- Maintained the accelerated pace of community projects allowed by last quarter's increase in funds allocated to CAP.
- Completed almost 950 community projects, with work ongoing on 750 new projects in all provinces of Iraq. Projects include school renovation, internet connectivity through provision of computers and training, sports equipment, and refurbishment of health clinics.
- Helped bring communities together in conflict-mitigation dialogues, leading to broader projects that address the sources of conflict *between* communities.

CAP continues to manage the Marla Ruzicka War Victims Fund (\$14.96 million of CAP funds) to assist innocent victims of coalition action, helping the program quickly earn community acceptance and building trust in areas recently emerging from conflict. To date, the fund has completed 367 individual, family, and community projects, with 213 more being implemented. These projects include support for income generation, prosthetics, and rehabilitation of destroyed homes, schools, and clinics.

Objective 2: Economic Track

a. Infrastructure Capacity Development Training and Technical-Level Management

Programs in this category (\$60 million in ESF funds, of which \$51.9 million obligated to USACE) focus on strengthening essential service ministries through Operation and Maintenance (O&M) training programs for primarily technician-level operators at major electricity power plants, water and wastewater plants, and select health, transportation, and communication facilities. Training includes preventive maintenance planning and scheduling, inventory control systems, spare parts forecasts and procurement, apprenticeship and certification programs with existing Iraqi technical institutes, and, in the power sector, planning for annual maintenance outages.

Identified projects, including 68 specific efforts, are implemented under an Interagency Agreement between the Department of State and USACE, under which the USACE Gulf Region Division is responsible for executing and disbursing the \$60 million in FY 2006 Supplemental funds obligated for technical training. Planned efforts span the essential services of electricity, health care, transportation, communication, water, and sanitation.

U.S. Government Implementing Agency: Department of Defense

Accomplishments:

Thirty-four contracts have been awarded as of March 15, with a value totaling \$45 million. Seventy-four percent of available funds have been obligated. Projects conducted this quarter included electrical capacity development training given to engineers, operators, and technicians from the Iraq Ministry of Electricity. Training included power plant operations and maintenance training; Level 2 and Level 3 electrical protection training; procurement and contracts; management development; and technical management.

b. O&M Sustainment of Key U.S.-Funded Infrastructure

O&M Sustainment (\$285 million in ESF funds) will assist Iraqis in sustaining U.S. investments in essential service infrastructure by providing in-plant services (such as combustion inspections and hot gas path inspections) and consumables and spare parts at major electricity power plants, water and wastewater plants, and select health, transportation, and communication facilities.

Projects in this category are implemented under an Interagency Agreement between U.S. Department of State and USACE, whose Gulf Region Division is responsible for executing and disbursing funds. Prioritized project lists have been approved that plan the use of all authorized funds, with 57 specific efforts identified that span O&M sustainment of U.S.-funded facilities in the essential service areas of electricity, health care, transportation, communication, water, and sanitation.

U.S. Government Implementing Agency: Department of Defense

Accomplishments:

A total of 47 projects worth \$260.3 million have been awarded, with 92 percent of available funds obligated. Project examples include work to correct transient engine vibration by water washing and balancing, repairing a water cooling line leak, and repairing damage to turbine blades and nozzles. In general, operations maintenance and sustainment provides needed materials to keep facilities operating at high efficiency levels

c. Agriculture Private Sector Development

The *Inma* private sector agribusiness development project (\$92.5 million in ESF of \$94.9 million total in this category) targets the formation and growth of agribusiness firms to stimulate and expand agriculture production, increase productivity, and achieve higher levels of employment. The project will identify and support new businesses and expand operations of privately-owned and operated businesses. This effort will complement specific supply chain enhancements to help Iraq meet its domestic food needs and revitalize a sector that employs over a quarter of Iraq's population.

Additionally, USAID will complement the Department of Agriculture's efforts (\$2.4 million in ESF) in helping implement national policy that promotes and supports commodity-focused agribusinesses. Specifically, these efforts are aimed at increasing the competitiveness of agribusiness enterprises, including by upgrading national food policies and regulations to meet international standards.

U.S. Government Implementing Agency: USAID

Accomplishments:

- Completed a two-month assessment of the date sector and launched work with local date producers to revitalize their productivity.
- Verified the use of maize to support the local feed grains industry, which had been disrupted in Anbar province by the insurgency.
- Trained more than 60 farmers on field preparation, planting, and irrigation scheduling for a new variety of maize. Yields increased by an estimated 50 percent over the national average.

- Carried out a demonstration Summer Feed Grains Project to encourage farmers to produce maize locally that is currently being imported.
- Carried out a demonstration project to expose farmers to new technology related to improved maize production.
- Completed a Livestock Sector Rapid Appraisal that provides critical data on the wholesale supply of livestock in Diyala province and throughout Iraq. These data will guide an investment that could reach over \$10 million.
- Completed the planting of 3,000 acres, half in Anbar province and half in Diyala province, with new high-yield varieties of wheat and barley.
- Through a Winter Feed Grains-certified seed production project, trained more than 250 farmers in field preparation, planting using seed drills, fertilization, and irrigation scheduling. Cultivation and harvest support activities are ongoing.
- Completed the distribution of seeds for multiple high-yield vegetable varieties and plastic cover to protect winter plantings to 900 vegetable farmers in the Taji/Abu Ghraib area. Cultivation and harvest support activities are ongoing.

d. Ambassador's Targeted Development Program

The Targeted Development Program (TDP) (\$57.4 million in FY 2007 Supplemental ESF funds) is a grant program that provides the U.S. Embassy in Baghdad with a valuable tool for supporting economic and social initiatives in areas of conflict in Iraq. The program is positioned to respond to needs identified by the Embassy, with grants made to Iraqi, U.S. and international non-governmental organizations. TDP supports programming by NGOs that focus on conflict mitigation, reconciliation, and alternative dispute resolution, as well as model initiatives for specific community social and economic challenges, including education, health care needs, and job creation. Grants may range from \$150,000 to \$3 million.

U.S. Government Implementing Agency: Department of State

Accomplishments:

- Conducted a call for proposals and awarded eight grants totaling \$8,459,168, including:
 - Funded the development of a legal services clinic for detainees at the Rusafa Legal Complex in Baghdad. The clinic will provide legal representation to over 6,000 detainees.
 - Awarded a grant for the provision of continuing medical education for specialty physicians in Iraq through direct and tele-medicine training.
 - Funded the development of peace and reconciliation initiatives through national youth programs.
- Issued a second call for proposals that generated 46 grant proposals, which are currently under review. The Embassy expects to award approximately \$24,480,000 to 16 awardees in this second round and to issue a third call for proposals in early May.

Objective 3: Political Track

a. Ministerial Capacity Development

The Ministerial Capacity Development Program (\$245 million in ESF) assists the Government of Iraq (GOI) in strengthening the capacity necessary for the effective delivery of public services, particularly in key national ministries (including the Ministries of Finance, Electricity, Oil, Municipalities and Public Works, Water Resources, Planning, Justice, Agriculture, and Health, as well as their Inspectors General) and anti-corruption organizations (including the Commission on Public Integrity and the Board of Supreme Audit). In addition to these ministries, USAID's *Tatweer* Project works closely with the Prime Minister's Office (PMO), Deputy Prime Minister's Offices (DPMO), and the Council of Ministries' Secretariat (COMSEC).

Activities include two main elements: specific, immediate support to key ministries through advisors dedicated to the ministry or institution; and training of civil servants at the national and provincial levels to improve approaches to key public administration functions, such as project management, procurement, human resources, and delivering public services; and managing training programs in these areas to sustain this effort.

U.S. Government Implementing Agencies: Department of State and USAID

Accomplishments:

State and USAID have worked with other U.S. agencies to increase the number of public management advisors within key Iraqi ministries, in order to achieve a more rapid improvement in those ministries' performance. USAID, for example, has provided 80 advisors as dedicated advisors to these ministries, including embedded Iraqi professionals.

USAID

- During January and February, approximately 2,500 Iraqi government civil servants across 17 Iraqi provinces were trained in public administration skills, project management, human resource management, budget and information management, leadership and communication, strategic planning, and procurement. This raised the cumulative number of civil servants trained to 7,360.
- Continued the Training of Trainers program in Baghdad's ministries as well as in the provinces of Northern and Southern Iraq. To date, 435 trained trainers are using their knowledge and skills in their own organizations and delivering training to their colleagues.
- Orientation for the 100 awardees under Round III of USAID's scholarship program was conducted in Baghdad. The next step of identifying universities and processing candidates is underway.
- USAID is working with the GOI's National Center for Consultancy and Management Development to expand and revitalize its training capacities. This program now supports three regional training centers located in Erbil, Mosul, and Basra and a satellite office in Hilla.
- The Ministry of Agriculture finalized its self-assessment using the Organizational Self-Assessment and Transformation Program conducted by *Tatweer*. This assessment tool,

which enables government agencies to understand best practices, identify reform priorities, and transform their organizations, has been well received by the GOI.

- Assisted in establishing an information technology training center at the Ministry of Agriculture.
- Assisted in preparing a revised organizational chart for the Ministry of Water Resources to reflect the ministry's full mandate, including governance for integrated water resources management and sustainable development.
- Assisted in coordinating a geographic information system master plan for the Ministry of Municipalities and Public Works.
- Continued to assist the Central Organization for Statistics and Information Technology (COSIT) Directorate in preparing a Master Statistical Plan (MSP) for the next five years. Also continued to help develop COSIT's human resource capacity through an assessment of resources and development of a new staffing plan based on the MSP. USAID is also installing a new network to facilitate data capture, storage, and processing.
- Facilitated a five-day leadership and government communication workshop in Erbil with staff from the North and South Oil Companies.
- Launched a ten-day IT training course for 12 GOI employees in Mosul, reaching Directorates General in the provinces to address their particular needs. The course brought together civil servants from various ministries to discuss common experiences and share lessons learned in tackling administrative challenges.
- Provided technical assistance, including a basic needs assessment, to the Presidency Administration.
- Supported the completion and ministerial approval of eight ministry capacity development plans.
- Recruited 18 energy experts to assist the ministries in modernizing their operations by streamlining the budget execution, contracting, and procurement process at the Ministries of Oil and Electricity.

Department of State

- Provided training to Ministry of Municipalities and Public Works (MMPW) and Ministry of Water Resources employees, including training on:
 - contemporary water treatment technologies (20 employees)
 - pump station maintenance (65 employees)
 - development and implementation of water treatment plant operations and maintenance programs (50 employees)
 - hydraulic computer modeling for water systems (20 employees)
 - design of irrigation systems (20 employees)
- Completed a mid-term report on a training needs assessment for the MMPW, as well as a draft assessment for the Ministry of Water Resources.
- Thirty directors-general attended a multi-day workshop on financial and project management topics.
- The Procurement Assistance Center (PAC) program has assisted the GOI in drafting and enacting new and streamlined procurement regulations and implementing instructions. The PAC is also assisting in the development of a new Iraqi law on contracting. The PAC program has added Provincial Procurement Assistance Teams (PPAT) in several locations;

all but two Governorates are now supported with PPAT teams, and a PAC is now operational in Erbil supporting the Kurdistan Regional Government.

b. Policy, Legal, and Regulatory Reform

Programs in the area of policy, legal and regulatory reform (\$88.2 million in ESF funds) are ongoing. These efforts include assistance to the Ministry of Finance (MoF) and Central Bank of Iraq (CBI) in the areas of banking supervision, evaluation and enforcement of the reserve requirement, management, data collection, statistical analysis, and information technology management. Technical assistance is also being provided to the Government of Iraq (GOI) to implement a sound and transparent commercial legal framework, including the areas of company law and secured transactions, to foster the rule of law and promote a burgeoning private sector.

These programs also provide the GOI with technical assistance on pension matters, including the establishment of a pension administration system, the development of supervisory mechanisms to ensure adequate protection of funds and investments, and the implementation (with the Pension Reform Steering Committee) of the recently passed Pension Law. This program will also help the GOI improve its employee payroll system. Assistance to the Iraqi Financial Management Information System (IFMIS) has resumed based on clear indications of the MoF's engagement to fulfill its commitments to this project, and progress is being made.

U.S. Government Implementing Agency: USAID

Accomplishments:

- Signed a Memorandum of Understanding with the Minister of Finance agreeing to restart IFMIS. The GOI has committed to re-licensing all relevant software to confirm Iraq's ownership; restarting the server and instructing all spending units to resume data entry; and confirming that the IFMIS is Iraq's official financial system and that the MoF is responsible for connecting final spending units. The GOI has also committed to re-establishing the video satellite connectivity.
- IFMIS servers have been moved to the Economic Growth II (EGII) compound where several GOI advisors have temporarily moved to continue work. Upon completion of key restart efforts, the servers will be moved to a MoF facility.
- Provided assistance to the Tax Policy Unit to implement a GOI legislative tax-reform program, with an emphasis on a sales tax.
- Trained an inter-ministerial working group that will oversee the GOI employee census.
- Conducted quarterly Business Registry mentoring sessions in Erbil and Sulaymaniyah.
- To date, 43,000 businesses have been registered across Iraq and added to the national automated system of business registration in the Arabic and Kurdish languages.
- Assisted the CBI with the development of its first Prudential Income Statement. Previously, bank supervisors did not collect or analyze bank income data, which is a critical component in the overall analysis of a bank's performance. CBI is also nearing the adoption of a revised Prudential Balance Sheet that meets international standards.

Basic training in the generation, use, and interpretation of standardized financial soundness indicators has been completed.

- Completed an impact assessment of the Ministry of Labor and Social Affairs' \$30 million micro-lending program, evaluating private sector development and job creation.

c. Democracy and Civil Society

Appropriations in the amounts of \$55.4 million (FY 2006 base budget), \$48 million (FY 2006 supplemental budget), \$20.1 million (FY 2007 continuing resolution), and \$67.6 million (FY 2007 supplemental appropriation) support critical democracy-building programs as Iraq completes its transition to a permanent, democratically-elected government. These funds support efforts by the Council of Representatives to address a number of important governance issues through the legislative and constitutional process, as well as capacity strengthening for the Independent Higher Electoral Commission of Iraq. Funds in this category also support the participation of women and minorities in the political process and civil society efforts.

U.S. Government Implementing Agencies: USAID and Department of State's Bureau of Democracy, Human Rights, and Labor (DRL)

Accomplishments:

USAID's Iraq Rapid Assistance Program (Civil Society Component)

- Under the Iraq Rapid Assistance Program's Civil Society Component (\$30 million in ESF), USAID provides grants to civil society organizations (CSOs) working towards conflict mitigation. This program began last quarter and is currently implementing eight, year-long grants totaling \$905,627. Grantees are indigenous Iraqi CSOs.
- Ongoing grants are supporting some of the following: training for the Iraqi Private Bankers Association, the Iraqi Beekeepers Association, the Iraqi Bar Association, and the Telafar small business development center.

USAID's Iraq Community-Based Conflict Mitigation Program (ICCM)

- Under ICCM (\$24 million in ESF), conducted the first meeting of the Peace and Conflict Mitigation Network with approximately 20 Iraqi university representatives who have formed a steering committee. The committee will develop a vision, goals, and a work plan for the group and devise an outreach strategy that includes non-governmental organizations, local government, and media.
- Trained 60 Iraqi Conflict Assessment Facilitators, representing each province, in conflict analysis and data collection methods. The facilitators will use their new skills to conduct community conflict assessments throughout Iraq, focusing on collecting data from community stakeholders who have an impact on conflict, providing analysis of community tensions and conflict dynamics, and highlighting local capacities for peace.
- Conducted a workshop with 60 Iraqi members of the National Network of Peace and Conflict Mitigation, led by Columbia University's Institute of Conflict Resolution. The workshop focused on assisting the Network in creating approaches to peace building

throughout Iraq by building upon existing interest by community organizations for conflict mitigation.

Bureau of Democracy, Human Rights, and Labor

- Supported an agreement of cooperation between affiliates of Iraqi International Transport Federation (ITF) and those of the Iraqi International Chemical Energy and Mine Workers (ICEM), who together pledged to address problems in the Iraqi energy sector.
- Completed examination of reported worker rights violations and labor conditions at airports in Basra, Baghdad, and Erbil. The final assessment will be used in advocacy efforts to improve the safety conditions in Iraq's airports.
- Completed translation into Kurdish and printing of 1,500 copies of three trade union leadership training manuals.
- Supported the Kurdistan Economic Development Organization (KEDO) in holding two entrepreneurship training programs targeting students studying economics and finance at Sulaymaniyah University and Dahuk University.
- Facilitated two entrepreneurship conferences for policymakers that presented difficulties facing entrepreneurs and recommendations on overcoming these obstacles.
- Provided capacity-building training to several Iraqi business associations and chambers of commerce, including the Iraqi Businessmen Union's Babil and Thi Qar branches, the Iraqi Industrial Assemblage, the Iraqi Economy Development Center's Babil branch, Sulaymaniyah Chamber of Commerce, Kurdistan Tourism and Travel Agencies League, and Kurdistan Transporters Union.
- Concluded analysis of survey data on the economic outlook and current political situation gathered from more than 1,600 business owners in seven Iraqi cities

d. Regime Crimes Liaison Office

Regime Crimes Liaison Office (RCLO) programs (\$33 million in ESF funds) assist the Iraqi High Tribunal (IHT) in coordinating assistance to the IHT by U.S. agencies in Iraq, other foreign governments, law enforcement agencies, and international and non-governmental organizations.

U.S. Government Implementing Agency: Department of Justice

Accomplishments:

- Supporting the ongoing 1991 Intifada Uprising trial.
- Assisting the IHT with preparation of other cases, including the Merchants, Marsh Arabs, and Kuwait cases.
- Turned over funding and operational responsibilities of the witness security camps to the U.S. Marshals Service.
- Turned over the completed Secure Document Storage Facility to the IHT.
- Conducting RCLO training for IHT Appellate Judges, Trial Chamber Judges, and Investigative Judges.

- Developed and executing the plan for the DOS/DOJ directed draw down of RCLO operations and staff. Final composition to consist of four personnel, two Attorney Advisors and two support staff.

Programs Funded by Other Budget Sources

a. Democracy, Human Rights, and Women's Issues – Democracy Fund (DF)

In the FY07 Supplemental, \$250 million was provided for the Democracy Fund, with \$190 million appropriated to the Bureau of Democracy, Human Rights and Labor and \$60 million appropriated to USAID. Funding in the amount of \$190 million supports democracy, human rights, and women's issues in Iraq. To date, DRL has awarded more than \$124 million to support programs that focus on democracy and governance, human rights, and women's issues. The vast majority of the remaining Human Rights Democracy Funds are expected to be awarded to organizations through open competition and to fund program support costs.

U.S. Government Implementing Agencies: USAID and Department of State's Bureau of Democracy, Human Rights, and Labor (DRL)

Accomplishments:

Democracy and Governance (DRL)

- Supported a research competition to examine the draft law on provincial elections and its possible ramifications. The findings were distributed to academics, politicians, and non-governmental organizations (NGOs).
- Published and distributed 2,000 copies of the Research Department (RD) Handbook of the Iraqi Council of Representatives (CoR), which promotes and explains to Members of the Parliament (MPs) the functions and services provided by the RD.
- Conducted on-camera training for MPs.
- Organized information technology trainings for 15 staff from the following Parliament offices: Media Directorate; Research Directorate (RD); Communications; Information Technology; and the Speaker's and Deputy Speaker's offices.
- Began training the Parliament's General Directors in the areas of strategic planning, office management, negotiation techniques, decision-making, and data analysis.
- Funded a one-year subscription for the RD to an Arabic legal website which provides access to legal publications, popular Arabic conventions and treaties, well-known legal tools, and the constitutions of numerous countries.
- Facilitated the first in a series of two constituent relations and outreach symposiums in Erbil with MPs, think tank academics, and other NGOs to discuss ways to bridge the communications gap between MPs and their constituents.
- Conducted six separate trainings in Basra for seven political parties on party communications with emphasis on message development, message communication, public speaking, and negotiation. The trainings were attended by a total of 35 participants.

- Trained in Jordan 73 representatives of 11 political parties on internal party operations, platform development, internal and external communications, and review of the objectives of a political party.
- Trained approximately 75 members from seven different Kurdish political parties on campaign management and planning.
- Trained 31 Iraqi conflict mediators on advanced training and facilitation techniques so they can conduct training and mediate disputes at local and provincial levels.
- Convened a roundtable with 20 tribal sheikhs, local government leaders, members of the Iraqi High Judicial Council, and U.S. legal advisors to follow-up last October's Mahmudiya reconciliation conference.
- Conducted an in-country assessment of Iraq's political environment. The analysis revealed a high level of fluidity in Iraqi politics wherein parties are turning more to negotiation rather than relying on violent elimination of opponents.
- Continued to coordinate with Iraqi educators to develop, test, evaluate, and implement a "rights of the citizen" curriculum in Baghdad schools.
- Launched a training-of-trainers program for 100 civic activists to educate them on the role of civil society in a democracy and build their ability to train citizens to identify and seek solutions to community problems.
- Continued the Election Observation Series begun last quarter, designed to reinforce civic understanding of international good practices for electoral observation and provided comparative electoral frameworks. A forum was provided to discuss lessons learned from Iraq's transitional electoral cycle of 2005.
- Provided sub-grant awards to nine civil society organizations (CSOs) to implement small projects centered on leadership skills, development of youth, reconciliation, and capacity-building for more effective community representation and mobilization around issues of common interest.
- Conducted six training sessions for the Multi-party Women's Caucus (MPWC), including two media training workshops for five MPWC branches, two strategic planning training sessions for three MPWC branches, and self-empowerment training for the Ninawa MPWC.
- Launched a conflict resolution series to train civic activists from all 18 provinces. The series is designed to improve activist capacity to implement solutions to their communities' most critical issues; train them in conflict mitigation and resolution; and determine areas of potential CSO impact in the resolution of community problems.
- Completed a training series for the Women's Empowerment Program, creating a forum in which women from diverse geographic, ethnic, and religious backgrounds can meet to share information, build relationships with one another, and build their capacities as effective civic organization workers and independent activists.
- Initiated the Youth Empowerment Program, which will train 100 female and male Iraqi youth to become active leaders in society.
- Delivered the final two training modules on the role of parliament and the use of media by political parties of the Political Training Academy. 80 participants represented Kirkuk, Salah ad Din, Ninawa, the northern provinces, Baghdad, and Diyala.

Human Rights (DRL)

- Launched weekly lectures covering the history, heritage, and recent past of the Marsh Arabs with special emphasis on human rights abuses and attempts at genocide during the previous regime.
- Developed plans for a landmark documentary film, book, and website covering the heritage, history, and recent past of the Marsh Arabs as well as their current living conditions in the Southern Marshes.
- Continued support for a network of more than 100 Community Mental Health Workers (CMHWs) in ten governorates to provide basic mental health services through the Iraqi primary health care system.
- Collaborated with United Nations Assistance Mission for Iraq (UNAMI) to refer victims of torture from Baghdad to Sulaymaniyah for treatment.

Women's Issues (DRL and the Office of International Women's Issues)

- Trained Iraqi women reporters and helped them to publish in European media by linking them with editorial boards of European media outlets.
- Conducted four workshops for 120 participants from provincial councils and civic organizations from Basrah, Amara, Nassriya, and Samawa on challenges and opportunities for women members of provincial councils.

Elections (USAID) (includes \$2.55 million in ESF)

- Supported ongoing development of the Independent Higher Electoral Commission of Iraq (IHEC) and its newly appointed Board of Commissioners. IHEC's Voter Registration Division obtained the PDS food distribution system list and successfully converted it into a baseline voter registry.
- Provided technical assistance to build the capacity of IHEC and equip the organization in preparation of a nationwide election event in the fall of 2008, pending the adoption of electoral legislation, and to publicly display and update the new voter registry.
- Supported the introduction of regular planning meetings for the Electoral Operations Planning Work group. The draft operational plan has been finalized, and communication among IHEC divisions and between IHEC and the field have been improved.
- USAID-supported voter registration (VR) activities focused on completing the provisional lists of voters in preparation for the registry update exercise. Assisted the VR and DBM (Database Management) sections in analyzing and converting the registry data.
- The implementer has deployed a provincial support team to work with Governorate Electoral Offices and PRTs, and a world-class election law support team to work with stakeholders in drafting the upcoming provincial election law.
- Assisted the DBM section in installing and supporting users of needed software.
- Supported a voter education workshop held in Erbil for members of IHEC's Public Outreach Division and Capacity Building Division. The training was part of the broader effort to increase capacity in planning for and conducting voter education campaigns and activities by the Commission.

b. Criminal Justice Development and Rule of Law – International Narcotics Control and Law Enforcement Funds (INCLE)

In total, \$261.448 million in INCLE funds have been appropriated to the Bureau of International Narcotics and Law Enforcement Affairs's Rule of Law program (\$91.4 million in the FY 2006 supplemental budget; \$20.048 million in the FY 2007 continuing resolution; and \$150 million in the FY 2007 supplemental budget). These rule-of-law programs help the Government of Iraq to establish an effective and fair criminal justice system to which Iraqi citizens will turn to resolve disputes, rather than to militias and other "alternative" forms of justice.

Assistance to the judiciary focuses on judicial training, judicial security, and court administration. Judicial training programs are designed to improve the functioning of judges and investigators in Iraq's criminal justice system. Corrections assistance helps the Iraqi Corrections Service with developing its capacities to operate a rapidly expanding prison system in a safe, secure, and humane manner that conforms to internationally accepted standards for the treatment of prisoners. Prison renovation and construction projects should add more than 9,000 bed spaces to the Iraqi federal prison system with facilities to start coming online in late 2008 and through 2009.

U.S. Government Implementing Agency: Department of State, Bureau of International Narcotics and Law Enforcement Affairs (INL)

Accomplishments:

Justice Assistance

- Agreed to fund and install a Judicial Education and Development Institute (JEDI) on the Central Criminal Court-Iraq (CCC-I) campus in Karkh. The JEDI will be dedicated to training judges and court staff in a variety of subjects in a secure residential environment. Installation will be complete by mid-2008.
- Began an initial training for judicial investigators on the secure site of the Rusafa Rule of Law Complex. Logistical barriers prevented the completion of the course, but new courses will begin in mid-2008 at the new JEDI facility.
- Hired an advisor to assess the status and current operating environment of the Iraqi Justice Integration Project, which is designed to improve coordination and information-sharing among key ministries and courts in Iraq's criminal justice system. The adviser will draft a Scope of Work for a follow-on implementation project building on previous efforts and additional needs expressed by stakeholders.
- Selected an implementer for a legislative assistance program to assist the GOI in drafting and passing legislation concerning the Federal Supreme Court and the Higher Judicial Council.
- Through the Department of Justice, continued mentoring and training program for Commission on Integrity (formerly known as the Commission on Public Integrity) investigators, including 797 total classroom hours in basic and advanced investigation training.

Judicial Security

- Funded witness protection facilities adjacent to two new courthouses currently under construction at Rusafa and Basrah.
- Began an aggressive program to upgrade the physical security of courthouses throughout Iraq. The U.S. Marshals Service (USMS) and INL have identified 27 courthouses in Iraq desperately needing security upgrades. With INL funding and management, USMS has performed security assessments at two of the courthouses this quarter (thirteen in total) and contracts are being awarded to Iraqi construction firms to perform the work.

Corrections

- Construction of Phase I of the Nassriya Maximum-Security prison is 95 percent complete. This project was built using IRRF funds. Construction of Phase II (INCLE) and Phase III (IRRF) have begun, although delays with Phase I are affecting the other phases. INL provided technical assistance to USACE's Gulf Region South division to resolve issues surrounding prison design and assisted the International Criminal Investigative Training Assistance Program in deploying a team of four U.S. advisors to the prison site to facilitate the activation schedule.

c. Refugee Assistance – Migration and Refugee Assistance (MRA), Emergency Refugee and Migration Assistance (ERMA), and International Disaster and Famine Assistance (IDFA) Funds

This section reports on funds appropriated for Iraq refugee and IDP assistance under the MRA, ERMA, and IDFA accounts, which are separate from refugee assistance funds previously provided under the Iraq Relief and Reconstruction Fund (see Appendix I). These funds include \$50 million in ESF funds provided in the FY06 supplemental budget; \$20.94 million in MRA funds in the FY 2007 continuing resolution; \$90 million in the FY 2007 supplemental budget (\$45 million in MRA and \$45 million in IDFA), and an anticipated \$199.4 million from the FY 2008 omnibus base budget (\$149.4 million in MRA and an anticipated \$50 million in IDFA). The Department of State has also used \$12.4 million in ERMA funds.

U.S. Government Implementing Agencies: Department of State, Bureau of Population, Refugees, and Migration (PRM); and USAID, Office of Foreign Disaster Assistance (OFDA)

Accomplishments:

Department of State, PRM

- Completed drafts of an informal education manual and distributed to NGOs implementing informal education activities for Iraqis in Jordan.
- Enrolled and paid tuition costs for up to 1,200 Iraqi children in Jordanian and Syrian schools.
- Trained 45 Syrian and Jordanian teachers of Iraqi children in non-formal education techniques. Enrolled up to 6,000 Iraqi children in non-formal and remedial education activities in Jordan.

- Increased basic humanitarian assistance and health services to Iraqi refugees in Syria and Jordan.
- Continued working with the UN High Commission for Refugees (UNHCR), International Organization for Migration (IOM), and the International Committee of the Red Cross (ICRC) to identify and implement durable solutions for the Sudanese asylum seekers near Al Rutba in Anbar province.
- Enhanced UNHCR's preparedness and response capacity, including by reinforcing its contingency stockpiles inside Iraq.
- Implemented the UN Rapid Response Plan for the provision of assistance to 15,000 returnee families.
- Through ICRC, provided basic medicine, dressing material, medical equipment, and laboratory supplies to 20 different locations throughout Iraq with high concentrations of internally displaced persons (IDPs).
- Through ICRC, carried out emergency interventions to restore water infrastructure in health facilities damaged during armed hostilities or as a result of technical breakdowns.
- Through ICRC and its Iraqi partners, provided three months' worth of food rations to 4,000 recently displaced households each month, along with household items and hygiene kits.

USAID, OFDA

The following activities were undertaken to improve the situation for Internally Displaced Persons (IDP) and their host communities nationwide.

- Improved availability of potable water and sanitation facilities through small-scale water projects, water system rehabilitation and repair, well-drilling, and solid waste removal.
- Improved access to primary health care through mobile health teams, rehabilitation of primary health care infrastructure, development of health surveillance programs, and improvements to medical laboratories.
- Provided income-generation opportunities targeting IDPs and host families, concentrating on civic improvement and clean-up projects.
- Provided essential emergency relief commodities for IDPs and affected community members.
- Performed IDP surveys and analysis.
- Supported capacity building activities for the Ministry of Displacement and Migration.

d. Nonproliferation, Antiterrorism, Demining, and Related Projects (NADR)

Humanitarian Demining and Small Arms Destruction

This section reports on funds appropriated under the NADR heading for humanitarian demining and small arms and light weapons destruction, including \$9.9 million (FY 2007 continuing resolution), \$7 million (FY 2007 supplemental budget), and \$15.9 million (FY 2008 omnibus base budget).

These funds support a combination of minefield and battle area clearance operations and explosive ordnance disposal; small arms/light weapons destruction missions by the Iraq

Mine/Unexploded Ordnance Clearance Organization (IMCO) and the Mines Advisory Group (MAG); and the completion of the Iraq Landmine Impact Survey in a second phase to take place in the five remaining governorates of Anbar, Baghdad, Diyala, Ninawa and Salah ad Din.

Accomplishments:

- Searched and cleared 892,909 square meters of land, safely removing and destroying 5,337 hazardous items in northern Iraq.
- Assisted IMCO in beginning clearance of the Iraq-Iran port of entry in Wasit province. IMCO has cleared 22,577 square meters of contaminated land.
- Identified 128 dangerous areas in 32 villages and conducted community assessments in eight villages, interviewing 271 people in northern Iraq.
- Deployed six small arms and light weapons (SA/LW) teams 136 times and completed 83 tasks, destroying 2,093 items of SA/LW.
- Future activities will include assisting the GOI in the selection and training of personnel to establish and operate a national mine action coordination center; support to IMCO in clearing extensive swaths of agricultural and other contaminated land; assisting the efforts of the Iraq Health and Social Care Organization in providing a mine risk education program in central and southern Iraq; and beginning the second phase of a Landmine Impact Survey, in the governorates of Salah ad Din and Diyala (Baquba) Governorates.

Iraq Scientist Engagement Program

The Iraq Scientist Engagement Program (\$7.0 million budgeted for FY08) supports the transition of Iraqi scientists, technicians, and engineers with WMD and missile expertise to sustainable civilian employment in support of Iraqi economic development. This is accomplished through job placements, career transition workshops, collaborations with western and regional counterparts, monthly stipends, and science and industry-based development projects.

Accomplishments:

- In collaboration with the Iraqi Ministry of Environment, initiated a Radiation Workers Protection Program that will employ Iraqi experts in to developing and implementing radiation safety training the dismantlement of former nuclear facilities.
- In collaboration with the U.S. Army Corps of Engineers and several U.S. universities, launched an Engineering Enhancement Program, which offers fellowships and mentoring for Iraqi engineers to improve their technical skill sets.
- Offered workshops and specialized technical training in analytical and environmental chemistry, computer science applications, and science education.
- Organized an annual review of the Iraq Research and Development Initiative, where Iraqi researchers and international technical experts identified critical infrastructure projects for commercialization.